

GREATER
HAMILTON

1997

Economic Review

URBAN MUNICIPAL

JUL 8 1998

GOVERNMENT DOCUMENTS

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1997

Finalist
Globe and Mail's
"Top Ten Cities
for Business"
1997



Economic Development, Regional Municipality of Hamilton-Wentworth
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OFFICE OF ECONOMIC DEVELOPMENT

BUSINESS

GENERAL ECONOMIC INDICATORS

Activity	1993	1994	1995	1996	1997
Bankruptcies ¹ :					
Business	219	210	207	241	193
Consumer	1,478	1,272	1,842	1,946	2,208
Building Permits ² :					
(Total Value in Millions)	352	299	324	301	353
Canadian Bond Rating ³	AA+	AA+	AA+	AA+	AA+
Housing Starts ⁴	2,055	1,961	1,558	1,633	1,991
Housing Completions ⁵	1,841	2,332	1,328	1,713	4,642
Regional Taxable Assessment (Millions) ⁶ :					
Residential	897.2	913.5	919.4	927.0	937.5
Commercial/Industrial	501.7	493	493.3	498.1	488.7
Total	1,398.9	1,406.5	1,412.7	1,425.1	1,426.3
% Commercial/Industrial	35.9	35.1	34.9	35.0	34.3
Regional Tax Levies (Millions) ⁷ :					
Total Levies	164.9	165.7	170.9	175.1	180.1
Assessment Growth	.52	.54	.57	.87	.08
Increased Revenues	.829	.891	.944	1.360	.136
Regional Welfare Assistance ⁸ :					
Beneficiaries	28,586	28,210	25,815	22,836	21,624
Caseload	17,133	16,503	14,986	12,708	11,429
Ratio of Person/Case	1.67	1.71	1.72	1.79	na
Percentage Population	6.32	6.24	5.6	4.95	3.9
Unemployment Rate ⁹	11.6	8.3	6.7	7.4	6.5

¹Industry Canada, Office of the Superintendent of Bankruptcy

²Area Municipal Building Departments

³Canadian Bond Rating Service

⁴Canada Mortgage and Housing Corporation

⁵Canada Mortgage and Housing Corporation

⁶Regional Department of Finance

⁷Regional Department of Finance

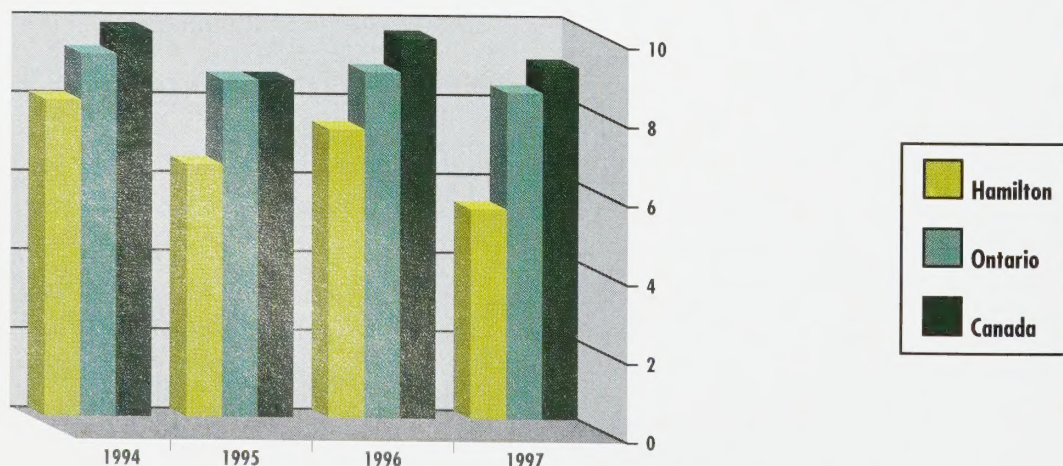
⁸Regional Department of Community Services

⁹Statistics Canada, calculations by Labour Market Information Unit, Human Resource and Development Canada

ANNUAL AVERAGE UNEMPLOYMENT RATES

Hamilton has for the last four years consistently ranked 1% to 2% below the provincial and federal unemployment rate average.

Other indicators point to continued improvement in the employment prospects for Hamilton's roughly 340,000 labour force.



OVERALL VALUE OF CONSTRUCTION TRENDS IN HAMILTON-WENTWORTH

Type	1993	1994	1995	1996	1997
Industrial	\$13,155,289	\$25,195,431	\$37,679,287	\$32,053,197	\$39,200,541
Commercial	\$40,626,058	\$29,732,135	\$57,199,791	\$39,605,321	\$51,074,707
Residential	\$245,064,352	\$196,018,874	\$163,554,112	\$184,605,321	\$221,443,463
Institutional	\$53,713,972	\$47,964,352	\$60,275,204	\$42,517,739	\$40,088,265
Agricultural			\$290,500	\$2,071,500	\$1,735,437
Miscellaneous			\$4,551,189		
Total Value	\$352,559,671	\$298,910,792	\$323,550,083	\$300,823,237	\$353,542,413

BUILDING PERMITS BY MUNICIPALITY, YEAR-END 1997

Municipality	Residential	Commercial	Industrial	Institutional	Agricultural	Total
Ancaster	\$37,822,630	\$10,408,400	\$1,741,000	\$13,000	\$37,000	\$50,022,030
Dundas	\$19,619,817	\$388,350	\$6,000	\$424,500		\$20,438,667
Glanbrook	\$17,910,500	\$535,400		\$20,000	\$274,000	\$18,739,900
Flamborough	\$41,393,059	\$2,628,500	\$743,700	\$3,376,700	\$1,360,437	\$49,502,396
Hamilton	\$76,189,157	\$36,036,357	\$25,020,641	\$36,057,565		\$173,303,720
Stoney Creek	\$28,508,300	\$1,077,700	\$11,689,200	\$196,500	\$64,000	\$41,535,700
Total	\$221,443,463	\$51,074,707	\$39,200,541	\$40,088,265	\$1,735,437	\$353,542,413

1997 REGION OF HAMILTON-WENTWORTH INVESTMENT HIGHLIGHTS

Company	Investment (\$ to date)	Activity
Air Liquide	\$75 million	Investment in a liquid oxygen plant
Ontario Realty Corp.	\$23 million	Alterations to provincial courthouse
Taylor Steel	\$3.5 million	86,000 sq.ft. plant expansion
Hamilton Jetport	\$3.4 million	New aircraft hanger
National Steel Car	\$2.7 million	Plant expansion
Eaton Yale Ltd.	\$1.8 million	Plant expansion
Fine Pharmaceutical Ltd.	\$1.7 million	New commercial
Paletta International	\$1.6 million	New commercial
Stelco	\$1.5 million	Plant expansion
UPS	\$17 million	Large Cargo Facility
The Meat Factory	\$763,400	Plant expansion
Nova Steel		23 acre site for multimillion dollar processing and service centre
Lincoln M. Alexander Parkway	\$195 million	Opened in September 1997
Ramcor		2.3 acre purchase in Techpark for 30,000 sq.ft. building
CASE Corp.		Re-engineering plant
Stelco Plate Mill	\$85 million	Diversified plate mill
Dofasco	\$180 million	Tube mill and galvanizing line
Dessco Division #661970 of Ontario Inc.		5696 sq.ft. manufacturing facility
Nelson Steel		Purchase of 20 acre site for new pickling line, 158,127 sq.ft.
TRIAM Automotive	\$500,000	Plant expansion

1997 PERMIT HIGHLIGHTS

Permit Purchaser	Type/Description	Municipality	Approx. \$ Value of Construction
Ontario Realty Corp.	Institutional – alterations to the provincial courthouse	Hamilton	\$23,519,000
2871220 Ontario Inc.	Commercial – alterations to Centennial Parkway	Hamilton	\$3,992,000
Taylor Steel	Industrial addition	Stoney Creek	\$3,500,000
Hamilton Jetport	Industrial – new small aircraft hanger	Glanbrook	\$3,400,000
Villages of Glancaster	Residential – new dwelling	Glanbrook	\$2,970,000
Ninco Construction	Residential – construction, new subdivision	Dundas	\$2,855,522
National Steel Car	Industrial – addition	Hamilton	\$2,751,000
Eaton Yale Ltd.	Industrial – alteration	Hamilton	\$1,818,150
St. Elizabeth Village	Residential – new	Hamilton	\$1,800,000
Church of Latter Day Saints	Institutional – alterations to church on Stone Church Road	Hamilton	\$1,800,000
McMaster University	Institutional alteration	Hamilton	\$1,753,000
Sequin Building Corp.	Commercial plaza	Flamborough	\$1,730,000
Braemer Homes	Residential alteration	Hamilton	\$1,701,000
Fine Pharmaceutical Ltd.	New commercial	Hamilton	\$1,700,000
Governors Gate Development Corp.	Residential 35 condominium units	Dundas	\$1,700,000
Paletta International	Commercial – new	Hamilton	\$1,630,000
Stelco	Industrial – alteration	Hamilton	\$1,510,000
Aragon	Commercial – alteration	Hamilton	\$1,500,000
Atrium Villa Corp.	Residential – alteration	Hamilton	\$1,480,000
Multi-Area Developments Inc.	Residential – housing	Stoney Creek	\$1,345,800

ECONOMIC FORECAST - 1998

The long term economic prospects for Canada and the Hamilton-Wentworth Region are generally very positive. However, with the extreme volatility of the stock and equity markets (especially with the impact of the "Asian Virus") there appears to be considerable instability on the horizon in the short term. This is evidenced by the dramatically fluctuating value of the Canadian dollar and its corresponding impact on exchange rates. This activity is not symptomatic of any fundamental problems with the Canadian dollar, but rather represents the flight of Asian and international monies to "safe havens" in the United States and Switzerland.

The other factor to bear in mind is the impact of the "Asian Virus" on international trade. With several of the "young tigers" (Korea, Malaysia, Philippines, Thailand, etc.) experiencing devaluation and even devastation of their currencies, they will be under significant pressure to acquire hard U.S. currency. This will be achieved primarily by flooding the global (in particular North American) consumer and industrial markets with very low priced goods. The result may be a pronounced impact on Canada's international trade levels and overall balance of payments.

In general, the economic fundamentals of the Canadian economy remain essentially sound. The possibility of a federal budget surplus in each of the next three years coupled with the potential application of this windfall to the national debt paints a positive picture for the future of the Canadian economy. Once the turmoil subsides in the financial markets and the corrections run their course, the Canadian dollar should rise to or somewhere near 71.5 cents (U.S.) by the end of 1998. All the leading economic indicators point to a continued gradual appreciation of the Canadian dollar over the next 24 to 36 months, with the possible upside being a dollar at or around 74.0 cents (U.S.) by the millennium. The current decline in the Canadian dollar has very obvious and immediate ramifications for both the national and Hamilton-Wentworth economies. First of all, Canadian-made products should be that much more attractive in the U.S. and overseas, although as was mentioned, they will be forced to compete with Asian-made products which will soon be "dumped" onto the global consumer market at very competitive prices. Regardless, Canadian exports to the U.S. should remain stable or even increase through 1998 which bodes well for Hamilton-Wentworth companies, the majority of which export a large percentage of their production.

Another significant point is that with the U.S. economy functioning at or near full capacity and with the continuing attractiveness of the Canadian dollar, fabricating, manufacturing, and sourcing products in Canada becomes extremely competitive for U.S. companies. Again, for Hamilton-Wentworth which is dominated by the manufacturing sector, this should translate into increased business and U.S. sales for local firms.

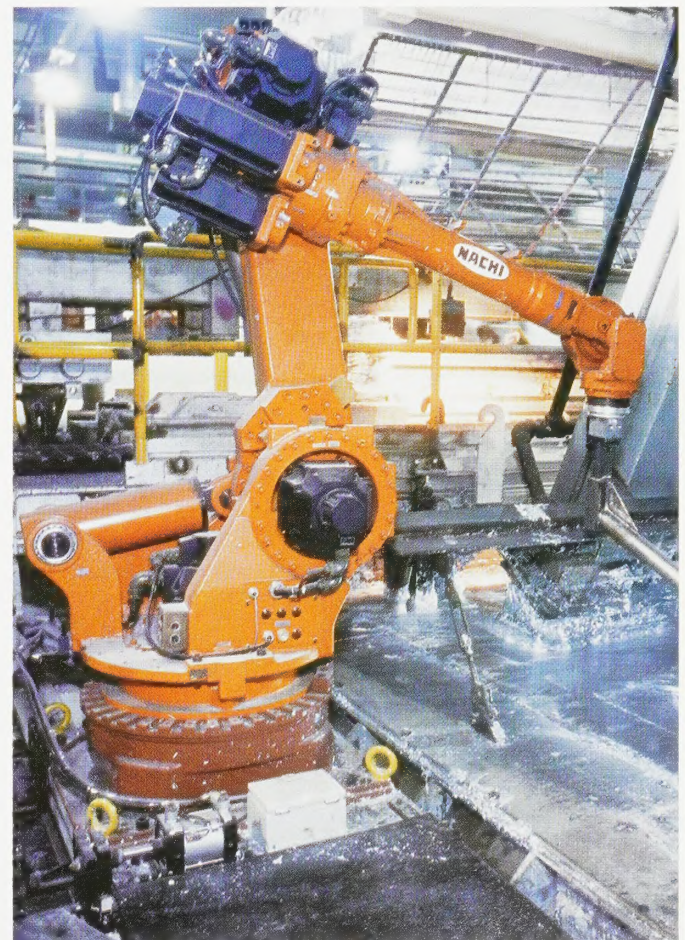
According to StatsCan, while the automotive sector drove retail sales in late 1996, sales increases during 1997 were more broadly based. This trend should continue in 1998, although there is a need for cautious optimism with the recent announcements of shift and output reductions at General Motors and Toyota in Ontario. Additionally, lower financing costs during the past year have put more money in consumers' pockets as they renewed mortgages and other forms of consumer credit. Residential construction rebounded in 1997, and housing starts both locally and nationally are forecasted to be higher still in 1998.

Projections of favorable levels of economic growth in 1998 are consistent and stable. Most major Canadian banks are estimating a growth rate in the vicinity of 3% to 3.5%. Some economists have indicated that the repercussions resulting from the instability of international markets could produce up to a 1% decrease in estimated growth rates in Canada and the U.S. In comparison, U.S. economic growth will be more modest (in the 2.5% range) for 1998, but it must be noted that they are fast approaching full employment nationally. Though not as strong as 1997 in which our growth rate exceeded 4%, the Canadian economy overall should be strong in the upcoming year. Unemployment nationally is not expected to increase dramatically over the next twelve months and Hamilton-Wentworth, which has enjoyed one of the lowest unemployment rates in Canada over the last three years, should remain below 7% for 1998.

Regionally, the strength of the manufacturing sector will be the primary driver for yet another solid year of economic growth and low unemployment. With the North American steel industry in the midst of a renaissance and the consumption of steel increasing, all of the Region's steel makers and related industries should experience a profitable year. New developments in the Region for the upcoming year include: the Nova Steel and Nelson Steel pickling lines, the Stelco reheat furnace, and the Taylor Steel expansion. All developments are strong indicators of the local impact on employment and assessment. Significant investment in the local steel industry by both Stelco and Dofasco over the last several years is already generating measurable spin-off effects on the local economy, with expansions such as the \$70 million Air Liquide plant announced for 1998. The only possible area of concern will be the increasing tonnage of steel imports (from global manufacturers) into Canada and the U.S. which affects the demand for locally produced steel.

On the downside, there most likely will be some negative employment numbers due to the impact of provincial downloading on municipalities, hospital restructuring, and provincial and municipal government privatization and downsizing. However, it is hoped that these job losses will be more than offset by the employment growth in the private sector and in particular, the local manufacturing, environmental and knowledge-based industries.

Overall, 1998 should be another strong year for the Hamilton-Wentworth economy. The Region should continue to enjoy one of the lowest unemployment rates in the country. The strength of the industrial sector should continue to drive the Region's retail and housing economies. Lastly, the transition to actual value assessment, though not realized immediately in the short run, should result in decreases in industrial and commercial property taxes, thereby increasing their competitiveness and profitability. In 1997, Hamilton-Wentworth was ranked as the sixth best place to do business among Canadian cities by the *Globe & Mail's* Report on Business. There is no evidence to suggest that this ranking should not remain the same or improve for 1998.



INVESTMENTS IN INFRASTRUCTURE

INVESTMENTS IN EDUCATIONAL FACILITIES AND PROGRAMS

MCMASTER UNIVERSITY

McMaster continues to earn its reputation as Canada's most innovative university. Beginning in September of 1998, McMaster will be one of the first Canadian universities to offer an undergraduate program in the rapidly growing field of software engineering.

The University has also introduced two new theme schools: Science, Technology and Public Policy, and Globalization, Social Change and the Human Experience. These interdisciplinary models of teaching are unique to McMaster. The theme schools are a key part of the University's newly defined four strategic areas.

McMaster was in the international spotlight in October 1997 as the Nobel prize recipients were announced. The co-winner of the Nobel prize for economics, Myron Scholes, graduated from McMaster in 1962. This is the second time in just three years that McMaster has been connected with a Nobel prize winner.

MOHAWK COLLEGE

Highlights of the year included a major renewal project in early 1997 that saw faculty and staff from all areas identify significant opportunities for improvement. In April 1997, a new president was installed, followed by a revised senior management structure and a new strategic plan, both announced in September. The College's senior administration is now developing objectives and an operational plan to bring strategic goals within reach.

"Access the Future" was the theme for Mohawk College's Ontario Student Opportunity Trust Fund campaign which ran for three months in the winter of 1997. The communities of Hamilton-Wentworth and Brant responded by contributing over \$2.93 million dollars to the campaign which, when matched by the Provincial Government, will mean an endowment fund. Worth almost \$6 million, the fund is for students who, due to financial constraints, would not have been able to attend Mohawk College.

Mohawk College is on the cusp of change that will enable it to successfully meet its challenges and create enhanced opportunities to benefit students, employers, staff and partners.

LINCOLN ALEXANDER PARKWAY

On October 15, 1997 the 'Linc', or the east-west section between Highway 403 and Dartnall Road, was opened to traffic. It is estimated that at Upper Wellington Street, 50,000 vehicles travel the expressway in both directions every 24 hours. The current section of the Red Hill Creek Expressway has led to much reduced congestion on parallel streets. A contract will soon be going out for an expansion of the ramp off of the 403, and later this year construction of the north-south section of the expressway will begin. The current schedule calls for the completion of the facility to the QEW by 2002 following a north-south route within the Red Hill Creek Valley.

The Region will contribute a total of \$161 million: \$85 million for the east-west section and \$76 million for the north-south section.

PROJECTED COST OF RED HILL CREEK EXPRESSWAY PROJECT (IN MILLIONS)

	To Dec '97	To Complete	Total
east-west	\$151	\$17	\$168
north-south	\$44	\$155	\$199
Total	\$195	\$172	\$367



HAMILTON INTERNATIONAL AIRPORT

1997 was the first full year of operation for the Hamilton International Airport under the TradePort banner.

The year was an eventful one for the airport from a commercial perspective. Courier/cargo traffic continued to grow at a significant rate for the first nine months of the year. Hamilton International Airport was the fastest growing passenger airport in the country, as passenger traffic grew by 500%. Unfortunately, the passenger numbers

declined when Greyhound Airlines was purchased by Laidlaw in early September and they decided to immediately withdraw from the airline business.

Developments at the airport were significant in 1997, with total investment exceeding \$30,000,000. UPS made the major investment. They are in the process of completing a \$17 million cargo sorting facility. Another major investment was made by JetPort, a first class facility for executive corporate aircraft.

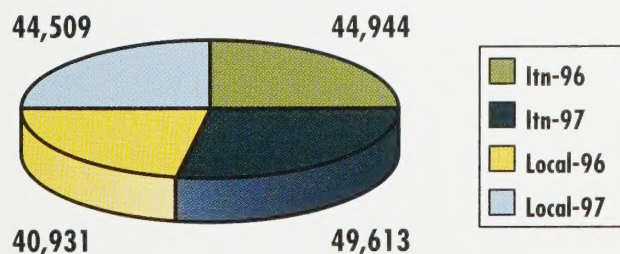
The following statistics demonstrate the aircraft activity at Hamilton International Airport:

Month	ITN-96	ITN-97	Local-96	Local-97	Total-96	Total-97
JANUARY	2,872	2,892	2,527	1,941	5,399	4,833
FEBRUARY	2,896	2,802	3,228	2,173	6,124	4,975
MARCH	3,928	3,718	4,246	3,729	8,174	7,447
APRIL	3,474	4,546	2,392	5,065	5,866	9,611
MAY	4,559	4,444	4,558	4,389	9,117	8,833
JUNE	3,935	4,801	3,063	4,788	6,998	9,589
JULY	4,385	4,806	4,236	4,024	8,621	8,833
AUGUST	3,580	4,530	4,272	3,346	8,940	7,876
SEPTEMBER	3,580	4,797	3,058	3,666	6,638	8,463
OCTOBER	3,981	4,803	3,042	4,495	7,023	9,298
NOVEMBER	3,759	3,876	4,203	3,583	7,962	7,459
DECEMBER	2,907	3,598	2,106	3,310	5,013	6,908
TOTALS	44,944	49,613	40,931	44,509	85,875	94,122

1996 StatsCan total differs from published monthly figures: 85,993 Previous Year To Date 85,875
Variance: 10 % 8,247

N.B Itinerant traffic is described as all aircraft arriving and/or departing from any other destinations besides Hamilton. A local flight is defined as an aircraft performing circuits or practice approaches to the airport.

TRAFFIC ACTIVITY, HAMILTON INTERNATIONAL AIRPORT



PORT OF HAMILTON

Domestic Tonnage	10,153,637	Domestic Ships	48
Overseas Tonnage	1,428,458	Overseas	142
Total	12,925,919	Total	625

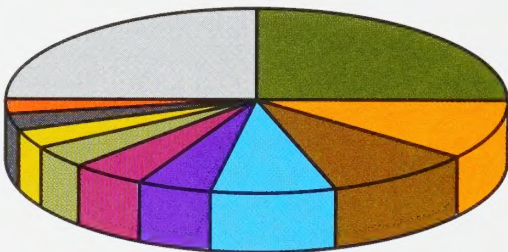
Full intermodal transportation is available through direct road and rail connections, leading to the manufacturing heartland of the nation and local air links to international destinations. There is a full range of port facilities and services to handle all Seaway-sized vessels, as well as easily navigable approaches to the piers.

The Hamilton Harbour Commissioners' Eastport Marine and Industrial Park is strategically located along the Queen Elizabeth Way at the

hub of Southern Ontario's manufacturing industry. It offers complete intermodal transfer facilities. This high-profile site offers some 2,300 feet of Seaway draft frontage, provides rail connections to both CN and CP rails, and offers easy access to the Queen Elizabeth Way and other major expressways. Eastport is an ideal facility for transportation service industries, distribution centres for the shipment of food, agricultural, chemical, petroleum or manufactured products, metals, and dry or liquid bulk cargo terminals.

TOP TEN PORTS FOR INBOUND CARGO, ST. LAWRENCE SEAWAY SYSTEM

Hamilton	12.079
Detroit	4.355
Port Cartier	3.546
Indiana-Burns	3.49
Cleveland	2.16
Baie Comeau	1.89
Montreal	1.85
Chicago	1.68
Quebec City	1.516
Toronto	0.982
All others	10.952



(millions of tonnes 1996)
Source: Hamilton Harbour Commissioners

